

INVESTOR SEMINAR SERIES
**FORTIFYING YOUR
FINANCIAL FUTURE**

Retirement strategies for those 45 and older

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financial needs, please contact:

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Worksheet 1: Accumulation Goal

Estimate How Much You'll Need to Accumulate for Retirement

It's important to calculate how much you expect you'll need to save in order to live comfortably during retirement. This worksheet includes basic questions that should help you make an estimate. For the purposes of this worksheet, we are assuming:

- A 4% average rate of inflation
- An 8% average rate of return before retirement
- A 6% return during retirement
- A retirement that lasts 25 years

Question	Amount	Example
1 In today's dollars, how much money do you expect you will need each year during retirement? (FYI, retirement-planning experts estimate you will need 60% to 80% of your final working year's salary each year during retirement.)		\$75,000
2 How much do you expect to receive each year from an annuity or pension? (In 2021, the median annual private pension benefit was \$10,606.) ¹		\$10,606
3 How much do you expect to receive from Social Security? (The average monthly payment retired workers received in February 2023 was \$1,694—or \$20,328 a year.) ²		\$20,328
4 Add lines 2 and 3.		\$30,934
5 Subtract line 4 from line 1.		\$44,066
6 Find the inflation factor in Table A that correlates with the number of years you have until retirement.		42.3

Table A*

Years Until Retirement	Factor
5	23.5
10	28.6
15	34.8
20	42.3
25	51.5
30	62.6
35	76.2
40	92.7
45	112.8

**Assumes 25 years in retirement, a 4% annual inflation rate, and that your savings earn a 6% average annual rate of return during retirement.*

Table B*

Years Until Retirement	Factor
5	1.5
10	2.2
15	3.2
20	4.7
25	6.8
30	10.1
35	14.8
40	21.7
45	31.9

**Assumes an 8% average annual rate of return prior to retirement.*

Worksheet 1: Accumulation Goal, continued

Question	Amount	Example
7 Multiply lines 5 and 6 to get your estimated retirement accumulation goal. This is in future dollars.		\$1,863,992
8 How much have you already saved for retirement?		\$78,000
9 Using Table B, find the growth factor that correlates with the number of years you have until retirement.		4.7
10 Multiply lines 8 and 9.		\$366,600
11 Subtract line 10 from line 7 to see the surplus or shortfall of your retirement savings. If the amount in line 10 is less than the accumulation goal calculated in line 7, you need to invest more to pursue your goal. If the amount in line 10 is equal to or greater than the amount in line 7, then congratulations! Your progress suggests you are on the right path to reach your retirement goal.		\$1,497,392

Table A*

Years Until Retirement	Factor
5	23.5
10	28.6
15	34.8
20	42.3
25	51.5
30	62.6
35	76.2
40	92.7
45	112.8

*Assumes 25 years in retirement, a 4% annual inflation rate, and that your savings earn a 6% average annual rate of return during retirement.

Table B*

Years Until Retirement	Factor
5	1.5
10	2.2
15	3.2
20	4.7
25	6.8
30	10.1
35	14.8
40	21.7
45	31.9

*Assumes an 8% average annual rate of return prior to retirement.

¹ Pension Rights Center, *Income from Pensions, Median Benefit*, published 11/28/22 with information from 2021

² Social Security Administration, *Beneficiary Data*

The examples above are hypothetical and used for illustrative purposes only. The information and calculating factors provided here are designed to be used as self-help tools and are not intended to provide investment advice. We do not guarantee their accuracy or applicability for individual circumstances.

The hypothetical rates of return used do not reflect the deduction of fees and charges inherent to investing.

Worksheet 2: Estimating Future College Costs

Question	Proj. Average Costs	Example
1 From the table below, enter the average total cost for the type of college your child may attend. Be aware that these are national averages that include on-campus housing, so actual costs may vary widely.		\$42,970
2 How many years before the first tuition payment is due?		10
3 From the table below, find the tuition growth factor that correlates with line 2.		6.04
4 Multiply lines 1 and 3 to get the estimated cost of four years of college. This estimate is based on an assumed 4% annual increase, and the resulting projected cost at the time you begin paying tuition.		\$259,538

Table A: Average Annual Costs 2022-2023

	Public 4-Year In-State*	Public 4-Year Out-of-State*	Private 4-Year*
Tuition and Fees	\$10,940	\$28,240	\$39,400
Room and Board	\$12,310	\$12,310	\$14,030
Books, Supplies, and Other Expenses	\$4,690	\$4,690	\$4,140
Total	\$27,940	\$45,240	\$57,570

*Includes on campus housing

Source: The College Board – <https://research.collegeboard.org/media/pdf/trends-in-college-pricing-student-aid-2022.pdf>

Table B

Years	—	Factors*	Years	—	Factors*	Years	—	Factors*
Now	—	4.25	7	—	5.37	13	—	6.80
2	—	4.42	8	—	5.59	14	—	7.07
3	—	4.59	9	—	5.81	15	—	7.35
4	—	4.78	10	—	6.04	16	—	7.65
5	—	4.97	11	—	6.29	17	—	7.95
6	—	5.17	12	—	6.54	18	—	8.27

*Assumes a 4% annual increase.